



## Legislative Fiscal Bureau

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TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2015-17 and 2017-19 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2015-17 and 2017-19 under the Governor's 2015-17 budget recommendations (2015 AB 21/SB 21). Table 1 displays the projected 2015-17 general fund condition statement under the Governor's bill.

**TABLE 1**  
**2015-17 General Fund Condition Statement**  
**2015 AB 21/SB 21**

	<u>2015-16</u>	<u>2016-17</u>
<b>Revenues</b>		
Opening Balance, July 1	\$0.3	\$92
Taxes	15,191	15,827
Departmental Revenues		
Tribal Gaming Revenues	24	24
Other	<u>507</u>	<u>499</u>
Total Available	\$15,722	\$16,442
<b>Appropriations, Transfers, and Reserves</b>		
Gross Appropriations	\$15,876	\$16,961
Transfers to:		
Transportation Fund	38	39
Compensation Reserves	11	19
Less Lapses	<u>-295</u>	<u>-700</u>
Net Appropriations	\$15,630	\$16,319
<b>Balances</b>		
Gross Balance	\$92	\$123
Less Required Statutory Balance	<u>-65</u>	<u>-65</u>
Net Balance, June 30	\$27	\$58

Table 2 focuses only on the 2016-17 fiscal year. 2016-17 is the "base year" for construction of the 2017-19 budget.

**TABLE 2**

**2016-17 General Fund Condition Statement**

	<u>2016-17</u>
Opening Balance, July 1	\$92
Revenues (Taxes and Departmental Revenues)	<u>16,350</u>
Total Available	\$16,442
Net Appropriations	\$16,319
Gross Balance	\$123

Table 3 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

**TABLE 3**

**2016-17 Balance of Revenues and Expenditures**

	<u>2016-17</u>
2016-17 Revenues	\$16,350
Net Appropriations	<u>16,319</u>
Difference	\$31

Table 3 indicates that revenues exceed net appropriations by \$31 million. Thus, the structure of the general fund shows a balance of \$31 million. The \$31 million becomes \$123 million when the \$92 opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2016, through June, 2017).

Table 4 shows estimated 2017-19 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2017-19 biennium as a change to base year (2016-17) revenues and net appropriations.

**TABLE 4****2017-19 General Fund Commitments**

	<u>2017-18</u>	<u>2018-19</u>
<b>Revenues (Taxes and Department Revenues)</b>		
2016-17 Base Revenues	\$16,350	\$16,350
Modifications to Base		
Capital Gains Exclusion -- WI Investments	-17	-51
Business Development Credit	2	2
Limit Historic Rehabilitation Credit	8	20
Delay Credit Card Refund Law	-11	-11
DOR Tax Enforcement Project Positions	-14	-19
GPR/PR Lapses	-38	-38
Payment for Municipal Services Chargebacks	<u>-3</u>	<u>-2</u>
Subtotal-- Modifications	-\$73	-\$99
Total	\$16,277	\$16,251
<b>Net Appropriations</b>		
2016-17 Base	\$16,319	\$16,319
Modifications to Base		
School Levy Tax Credit	-106	-106
Disaster Damage Aids	-6	-6
Expand Enterprise Zones	12	17
WEDC Loan Fund Start-up	-55	-55
DOR Tax Enforcement Project Positions	-2	-2
Depletion of TANF Balance	49	59
Out-of-Home Care Extension	1	1
Debt Service	16	-9
Pension and Tobacco Appropriation Obligation Bonds	6	16
Covenant	-10	-13
Confluence Center	-15	-15
K-12 Per Pupil Aid	-142	-142
UW GPR Funding	-21	-3
Disproportionate Share Hospital Payments	-15	-15
Dementia Care Specialists	-1	-1
Legislative Lapse	5	5
Family Care Statewide Expansion	6	6
VETransfer	-1	0
Payment for Municipal Services	<u>-5</u>	<u>-4</u>
Subtotal -- Modifications	-\$284	-\$267
Total	\$16,035	\$16,052

Table 5 places the figures from Table 4 into condition statement format for the 2017-19 biennium.

**TABLE 5**

**2017-19 General Fund Condition Statement  
(Before Revenue Growth and Program Expansion)**

	<u>2017-18</u>	<u>2018-19</u>
Opening Balance, July 1	\$123	\$65
Revenues (from Table 4)	<u>16,277</u>	<u>16,251</u>
Total Available	\$16,400	\$16,316
Net Appropriations (from Table 4)	\$16,035	\$16,052
Required Balance	<u>65</u>	<u>65</u>
Total	\$16,100	\$16,117
Balance	\$300	\$199
Biennial Amount		\$499

Table 5 shows that, for 2017-18, the general fund would have an estimated balance of \$300 million after meeting commitments under current law and the provisions of 2015 AB 21/SB 21 and maintaining the required statutory balance. In 2018-19, a balance of \$199 million (above the 2017-18 balance of \$300 million) would be available.

The Department of Administration (DOA) is required to include general fund condition statements for the current and succeeding biennia under the Governor's budget recommendations. The DOA analysis for 2015-17 and 2017-19 is displayed in the "Budget in Brief." Also, the Legislative Fiscal Bureau must prepare a similar report at each stage of the biennial budget process. The reports of the two agencies are prepared under the format shown here.

It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law and the provisions of AB 21/SB 21. No assumptions are made regarding revenue modifications in 2017-19 due to such unknowns as future law changes or economic factors. Likewise, no assumptions are made to appropriations regarding changes in caseloads, population estimates, enrollments, employee compensation, or inflation.

The intent of the exercise is to provide policymakers with an indication of the beginning point for the budget of the succeeding biennium. It does not project whether the next budget will have a surplus or a deficit (the Constitution requires that the Legislature pass a balanced budget). Rather, the analysis is intended to serve as a guide during current budget deliberations and provide some insight regarding the succeeding budget.

Table 6 lists the estimated amounts under this exercise for 2017-19 and the 10 preceding biennia.

**TABLE 6**  
**General Fund Amounts**

	<u>1<sup>st</sup> Year</u>	<u>2<sup>nd</sup> Year</u>	<u>Total</u>
For the 2017-19 Biennium (AB 21/SB 21)	\$300	\$199	\$499
For the 2015-17 Biennium	-1,069	-697	-1,766
For the 2013-15 Biennium	140	6	146
For the 2011-13 Biennium	-1,232	-1,279	-2,511
For the 2009-11 Biennium	-800	-882	-1,682
For the 2007-09 Biennium	-653	-846	-1,499
For the 2005-07 Biennium	-701	-845	-1,546
For the 2003-05 Biennium	-1,340	-1,527	-2,867
For the 2001-03 Biennium	-693	-1,026	-1,719
For the 1999-01 Biennium	-589	-914	-1,503
For the 1997-99 Biennium	-624	-908	-1,532

In addition, it should be noted that the budget stabilization fund currently has a balance of \$280 million.

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